

**MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
DECEMBER 5, 1995
CHICAGO, ILLINOIS**

A Regular Meeting of the Illinois Gaming Board was held on December 5, 1995 in room 9-040 on the 9th floor of the James R. Thompson Center, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120/1 et seq.

The following Board Members were present: J. Thomas Johnson, Chairman; and Members William B. Browder, Byron G. Cudmore, Gayl S. Pyatt and Robert F. Vickrey.

Also in attendance were: Administrator Michael A. Belletire, Deputy Administrators Joseph C. Haughey, Thomas Swoik and Kevin Lockhart, Chief Legal Counsel Mareile' Cusack, other members of the staff, the media, the general public and interested parties.

Chairman Johnson called the meeting to order at 9:30 a.m. The Board by unanimous consent adjourned to Closed Session pursuant to Section 2(c), paragraphs (1), (4), (11), (14) and (21) of the Open Meetings Act, to discuss the following subject matter:

1. Issues Concerning Applicants and Licensees
2. Recommendations of Administrative Law Judges
3. Pending and Probable Litigation Matters
4. Personnel Matters
5. Closed Session Minutes

The Illinois Gaming Board reconvened in Open Session at 12:29 p.m.

Chairman Johnson welcomed Byron Cudmore. Mr. Cudmore was appointed as a Member of the Gaming Board on December 1, 1995.

Member Pyatt moved that the Board approve the minutes from the open and closed sessions of the October 24, 1995 regular meeting. Member Browder seconded the motion.

The next order of business was the Administrator's Report.

Administrator Belletire reported that Adjusted Gross Receipts ("AGR") for October were released in November to the public. November AGR were approximately \$98.5 million, on par with the past several months. The overall performance of the riverboats reflects Elgin Grand Victoria to have the highest AGR followed by Harrah's and Empress. There was a record low AGR just under \$900,000 for the Silver Eagle.

The Administrator referenced various monthly reports. He reported that licensees continue to be aggressive in requesting identification verification. He noted that seven out of ten riverboats did not meet a 75% cruise rate. Most of the non-cruising situations were attributable to the weather. He reported that a number of minor changes to owner-licensee Internal Controls were approved by IGB in November. The changes were technical and routine in nature.

The Administrator further stated that on November 17, the Indiana Gaming Board granted preliminary suitability to an affiliate of the Illinois company Empress River Casino Corporation to operate a license in Hammond, Indiana.

Regarding licensee issues, the Administrator stated that Mark Sterbens the General Manager of the Par-A-Dice Gaming Corporation, submitted his resignation effective December 31, 1995. Bill Weidner of Hollywood Casino Corporation and Pratt Hotels/Sands announced his resignation effective December 31, 1995 and lastly, Harrah's Entertainment Corporation announced the bankruptcy filing of the Jazz, Ltd. partnership of New Orleans.

The Administrator stated that staff of the Board submitted an initial budget for fiscal year '97 to the Bureau of the Budget. He further stated that staff of the Board met with owner licensees to discuss economic impact analysis -- a proposed yearly format for identifying capital investments, procurement, employment, payroll, and collateral economic and community development activity. Secondly, the prospect of IGB conducting an employee survey was discussed as a first step in understanding how people perceive the jobs that have been created in Illinois in the past four years. He stated that the survey would help IGB gain a feel for who is employed in the industry, how they feel about their job, their demographic profile and what it is they find attractive or unattractive about working in this industry.

The next order of business was Items Concerning Owner Licensees.

Dennis Gallagher, General Counsel representing Harrah's Entertainment Riverboat Division and Mr. Colin Reed, requested that Mr. Reed be approved as a Key Person of Harrah's Illinois Corporation.

Member Vickrey moved that the Board approve Colin Reed as a Key Person of Harrah's Illinois Corporation. Member Cudmore seconded the motion. The motion was approved unanimously by voice vote.

Chairman Johnson asked Mr. Gallagher to update the Board regarding Harrah's investment activity in Louisiana. Mr. Gallagher stated that a partner of Harrah's Entertainment called Harrah's Jazz, Ltd. filed for bankruptcy protection on November 22, 1995. The lenders for the project declined to release funds and the temporary facility shut down, all construction on the permanent facility ceased, and the petition for bankruptcy was filed. Mr. Gallagher stated that the bankruptcy would have no effect or impact on Harrah's Illinois Corporation or the operations in Illinois. He further stated

that the bankruptcy court prevented the Louisiana regulatory agency from revoking Jazz, Ltd.'s license.

Joe Duellman representing HP, Inc./Silver Eagle informed the Board that they have elected to amend their cruise schedule significantly, effective December 5. He stated that the Silver Eagle would make no gaming excursion cruises until June 1, 1996. At that time they will reassess market conditions and propose an appropriate amended schedule. Mr. Duellman stated that they would maintain their license status and meet all of their obligations to the county, the state and to the local business community. He stated they would continue to work with the Board and the General Assembly and continue to seek remedies to the competitive situation that exists on the Iowa/Illinois border.

Chairman Johnson asked that Mr. Duellman update the Board at the March meeting.

The next order of business concerned Supplier's Licensure Items.

Mr. Janicik representing Pratt Management L.P. requested renewal of their supplier license. At Chairman Johnson's request, Mr. Janicik updated the Board regarding the management agreement between Aurora Riverboats, Inc. and Pratt Management L.P.

Member Pyatt moved that the Board approve Pratt Management's application for renewal of its Suppliers License. Member Browder seconded the motion. The motion was approved unanimously by voice vote.

Member Browder moved that the Board approve Osborne Coinage Company's application for a Suppliers License. Member Pyatt seconded the motion. The motion was approved unanimously by voice vote.

The next order of business concerned Key Persons.

Member Vickrey moved that the Board approve S. Barton Jacka as a Key Person of Bally Gaming, Incorporated. Member Cudmore seconded the motion. The motion was approved unanimously by voice vote.

The next order of business concerned Occupational Licensure.

Member Pyatt moved that the Board adopt the staff recommendation and approve the application for an Occupational License, Level 1, submitted by Gregory Wolf. Member Browder seconded the motion. The motion was approved unanimously by voice vote.

Member Pyatt moved that the Board adopt the staff recommendations and approve 177 applications for an Occupational License, Level 2, and 427 applications for

an Occupational License, Level 3, and deny 1 application for an Occupational License, Level 2, and 3 applications for an Occupational License, Level 3. Member Browder seconded the motion. The motion was approved unanimously by voice vote.

The next order of business concerned Administrative Hearings.

Member Vickrey moved that the Board deny the hearing requests submitted by the following applicants due to their failure to comply with Board Rule 3000.405:

Neil Henson
John Penman
Patricia Smothers
Gary Sorgea
Dorothy Wallace

Member Pyatt seconded the motion. The motion was approved unanimously by voice vote.

The next order of business concerned Board Policy Items.

Mareile' Cusack, Chief Legal Counsel, provided a status report on various draft rules. Ms. Cusack stated that the staff had completed a preliminary draft of an overall revision of the Rules. She stated that the suggested changes were to the definitions and a new rule was created for Declaratory Rulings that would enable licensees to petition the Board in order to request an opinion regarding the applicability of a section of the Rules or Act to them or to a particular situation. Ms. Cusack further advised the Board that the Draft Rules also contain a rule that will eliminate Level 3 occupational licenses. In conjunction with this elimination, a Rule was created for a registration provision for all persons who are employed by owner licensees. Rule 3000.614 was revised again due to public comments and definitions were created in answer to public concerns.

Ms. Cusack asked the Board for direction reference the Supplier License renewal revisions. Chairman Johnson suggested the owner and supplier renewal processes be uniform in nature. He further suggested a three year term before renewal.

The next order of business concerned the IGB Code of Conduct.

Administrator Belletire gave an overview of the proposed Code of Conduct and indicated that a few minor technical changes were made to clarify language from the draft Code that was distributed at the October Board meeting. The Administrator also noted that changes were made to clarify references to the lineal relatives of Board members and employees. Member Cudmore applauded the creation of the Code and stated that he found it to be very fair and appropriate. Member Pyatt asked if the Code would be a regulation or a policy of the Board. Chairman Johnson stated that it was a

Board policy and that staff would propose some type of regulatory change that would affect the licensees. Member Browder commented that he would like to see this type of policy extended to other government agencies (i.e. the legislature in reference to receiving contributions from licensees).

Member Pyatt moved that the Board approve the following resolution:

WHEREAS, the Board is cognizant that Board Members and all those in the service of the Board must act in a manner above reproach and;

WHEREAS, the public confidence and trust in the credibility and integrity of gaming shall be maintained at all times;

THEREFORE, BE IT RESOLVED:

That the Board hereby adopts the Code of Conduct as amended.

This Code of Conduct is in addition to any applicable statutes, rules, regulations, policies and procedures, including the express provisions of the Riverboat Gambling Act, the Purchasing Act, the Law Enforcement Code of Conduct, and the personnel and employment practices and policies of the Illinois State Police and Illinois Department of Revenue.

BE IT FURTHER RESOLVED that the Administrator is hereby directed to take any and all necessary actions to implement this Code of Conduct, including conduct training and individual sessions, if necessary, with any personnel subject to this Code of Conduct, as amended.

Member Cudmore seconded the motion. The motion was approved unanimously by voice vote.

The next order of business concerned preliminary discussion of Level 2 and 3 occupational licensure.

Chairman Johnson stated that the a restructuring of occupational licenses was proposed to provide for a change in the exemption of some Level 3 licensees (approximately 2/3rds) who are in non-gaming positions to be simply registered with the IGB. Administrator Belletire indicated that this restructuring would free up the staff time spent on background investigations of all occupational licensees and afford staff time needed to concentrate more on gaming personnel in critical positions. He also indicated that this would put more of a burden on the owner licensees to screen their applicants more closely. Member Vickrey supports lifting administrative burdens but stated that he would like to review a list of the job titles and their new licensure level. Member Cudmore commented that all employees being licensed helps to increase public confidence in the gaming industry and reiterated that a list be made of affected titles. Chairman Johnson asked that staff consider for the next meeting a proposal for a pilot program to see how this new process would work.

The next order of business concerned Poker Games.

Kevin Lockhart, Deputy Administrator for Audit informed the Board that a questionnaire was distributed to owner licensees to see if they were interested in offering Poker and what concerns they had. The findings indicated that seven out of the ten licensees looked into offering Poker as an optional game. Eight of the ten licensees indicated that it was not an economical use of space. Some concerns expressed about the game focused on proposition players or "shills" and disputes that may occur among the players. Mr. Lockhart concluded that all licensees were interested in Poker but their interest was limited by how it would be administered by the Board in terms of how the gaming positions are looked at, space available on the riverboat and competition with neighboring states. Chairman Johnson expressed concern over what constitutes an approved game and how the approval process operates. He asked for a staff report at the next meeting on this subject.

The next order of business concerned Win Cards.

Administrator Belletire stated that he updated the Board in writing summarizing what he learned from licensees on Blackjack Win Cards. He stated that unless the Board wished to authorize the use of these cards, no Board action was necessary.

The next order of business concerned the meeting dates for 1996.

Chairman Johnson stated that the following meeting dates for calendar year 1996 were agreed upon by the Board and subject to change.

January 23, 1996
February 27, 1996
March 26, 1996
April 23, 1996
May 21, 1996
June 18, 1996
July 23, 1996
September 17, 1996
October 29, 1996
December 3, 1996

There being no further business to come before the Board, Member Browder moved that the Board stand adjourned. Member Cudmore seconded the motion. The motion was approved unanimously by voice vote and the Board adjourned at 1:55 p.m.

Respectfully Submitted,

Susan A. Offord
Secretary of the Board